Pharmacy Benefit Managers (PBMs)

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1. **What healthcare terms or concepts did you encounter in the NYT and WSJ articles that now you (better) understand having completed this week's course material (narrated slides)? List the concepts/terms and your "aha" (insight) moments.**

Term / Concept	Insight
Pair	Dr. Christian Wernz's term, referencing a group of an insurance company and a government program. May also apply to group of an employer and an insurance company, a group of a government program and an insurance company, a group of insurance covering visits to doctors and insurance covering medications, or a group of an insurance company and a PBM
Drug company	Manufacturer of drug responsible in part for high drug costs
Insurance company	Facilitator of cost sharing responsible in part for high drug costs
Government program	Facilitator of cost sharing responsible in part for high drug costs
Employer	Facilitator of cost sharing responsible in part for high drug costs
PBM	A PBM is a contractor / negotiator with a drug company, employer, and/ or government program. A PBM is a contractor / negotiator with and/or part of insurance company. A PBM ostensibly help reduce drug costs for employers, government programs, insurance companies, and patients. A PBM pays pharmacies for dispensing drugs to patients, influences insurance companies in paying parts of costs, and influences patients in paying parts of costs. PBMs own pharmacies. PBMs drive independent pharmacies out of business by competition and not paying independent pharmacies enough so that the independent pharmacies can cover their costs. PBMs require or influence employers, government programs, and/ or insurance companies in offering patients relatively expensive drugs. PBMs charge employers, government programs, and insurance companies steep markups in addition to wholesale prices, and charge fees to drug companies, employers, government programs, and insurance companies.

2. **Explain in your own words what role PBM companies fulfill.**

A PBM is a contractor / negotiator with a drug company, employer, and/or government program. A PBM is a contractor / negotiator with and/or part of insurance company. A PBM ostensibly help reduce drug costs for employers, government programs, insurance companies, and patients. A PBM pays pharmacies for dispensing drugs to patients, influences insurance companies in paying parts of costs, and influences patients in paying parts of costs.

3. **How do PBMs extract potentially undue profits from the healthcare system? Who pays for the financial gains of PBMs?**
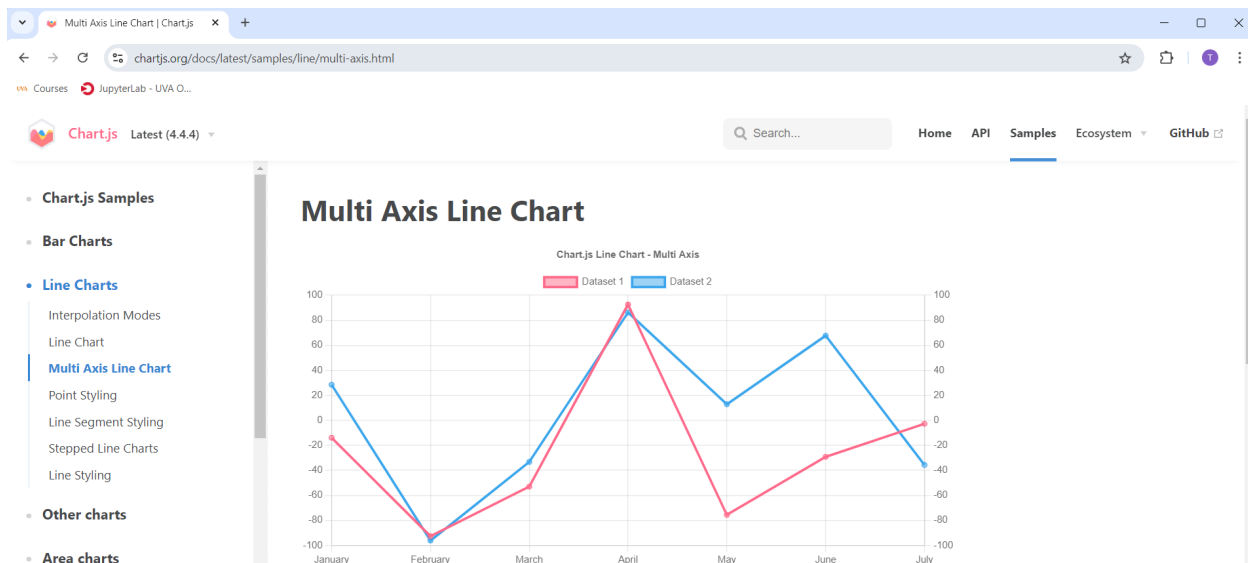
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4. **Imagine doing a data driven analysis of the PBM situation to be added to an article you plan on publishing on this topic to, for example, your blog, Medium, the New York Times, or the Wall Street Journal. Think about one static or interactive chart that would make an important contribution by providing readers with valuable insights. Sketch out that chart using paper, PowerPoint, Excel, or another tool of your choice and upload here.**

Example charts include:
- A vertical bar chart of fees in billions of dollars paid by drug manufacturers to PBMs or associated Group Purchasing Organizations by year,
- A horizontal bar chart of the prices in dollars of a drug charged by CVS Caremark to a government program of Oklahoma and by a local pharmacist offering the drug wholesale, and
- A grid of graphs of shares of PBMs of prescriptions filled in the United States over time.

We might consider a line chart with predictor time, two response axes, and two lines. Below is an example of such a chart. One response might be average price per standard dose to an insurance company of the 10 most commonly prescribed drugs in the United States. Another response might be average manufacturer's price per standard dose.

5. Think about the sources of data you would use to construct a chart. Research potential public sources. For data that would be difficult to get, what would be alternative sources and/or proxy data?

I can get "the 10 medications most frequently filled at pharmacies" from https://www.goodrx.com/drug-guide . These drugs are:
- Atorvastatin (Lipitor)
- Lisinopril (Prinivil, Zestril)
- Albuterol (Accuneb, Ventolin, Proair, Proventil)
- Levothyroxine (Synthroid, Unithroid, Levoxyl, Levo-T, Euthyrox)
- Amlodipine (Norvasc, Amvaz)
- Gabapentin (Neurontin)
- Omeprazole (Prilosec)
- Metformin (Glucophage)
- Losartan (Cozaar)
- Hydrocodone / Acetaminophen (Zolvit, Lorcet, Vicodin, Hycet, Xodol, Norco, Lortab, Maxidone)

I can get total and out of pocket costs in dollars per day of therapy of drugs from the webpages at the following links. I assume that every therapy in a calendar year has the same cost per day of therapy. Total costs in dollars per day of therapy may be a proxy for costs per standard dose to an insurance company.
- https://clincalc.com/DrugStats/Drugs/Atorvastatin
- https://clincalc.com/DrugStats/Drugs/Lisinopril
- https://clincalc.com/DrugStats/Drugs/Albuterol
- https://clincalc.com/DrugStats/Drugs/Levothyroxine
- https://clincalc.com/DrugStats/Drugs/Amlodipine
- https://clincalc.com/DrugStats/Drugs/Gabapentin
- https://clincalc.com/DrugStats/Drugs/Omeprazole
- https://clincalc.com/DrugStats/Drugs/Metformin
- https://clincalc.com/DrugStats/Drugs/Losartan
- https://clincalc.com/DrugStats/Drugs/Acetaminophen

An alternative to total costs in dollars per day of therapy might be "[Affordable Care Act] [Federal Upper Limit]" from https://data.medicaid.gov/dataset/ce4cf49b-a21b-5a53-bbc3-509414940847/data . "ACA FUL" might be a proxy for costs per standard dose to an insurance company.

I can get "Weighted Average of [Average Manufacturer's Price]s" from https://data.medicaid.gov/dataset/ce4cf49b-a21b-5a53-bbc3-509414940847/data . I can consolidate rows to get AMPs by "Ingredient", "Dosage", and "Year".